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## **Hensarling Statement on the Paulson Bailout Plan, Alternatives, & Financial Markets**

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than to quickly address them.”*

**WASHINGTON, D.C.** – Congressman Jeb Hensarling (R-TX), Chairman of the [House Republican Study Committee](#), today issued the following statement on the Paulson bailout plan, alternative plans, the economy, and our financial markets:

“House Conservatives are extremely concerned about the state of our economy, the status of our capital markets, and how the problems of Wall Street are being assumed by Main Street. It defies common-sense to pass a potential trillion dollar bailout bill without having a rational and deliberate conversation about other potential alternatives and remedies. I remain skeptical of the Paulson plan and am utterly unconvinced that this is the only alternative.

“We have concerns about the ultimate cost to the taxpayer. We are concerned that the federal government is becoming the lender and guarantor of last resort. We are concerned that the plan will put the taxpayer on the hook for a trillion dollars and still might not solve the problem. We are concerned that the plan could fundamentally change the role of government in the American free enterprise system. We are concerned with any bailout for Wall Street that does not set strict limits for executive compensation paid by the taxpayer. While we certainly don’t want Congress to set compensation limits in the free enterprise system, if the government ends up socializing some losses it will have to socialize some profits as well. We are especially concerned for future generations who will have to pay for the bailout plan. If the ability to fail is lost, so might the ability to succeed.

“We are highly skeptical of the Paulson plan and believe that the time has come for Congress to rationally debate alternatives – the consequences are too severe for us to rush to judgment. It is far more important for us to correctly address our problems than to quickly address them.”

### **ON THE RSC ALTERNATIVES:**

“The Republican Study Committee alternatives would suspend capital gains taxes immediately. We have a liquidity crisis and suspending capital gains taxes would bring as much as a trillion dollars of capital sitting on the sidelines back into the market. Second, we need to suspend the mark to market accounting that has created a credit crunch dust pile for so many businesses across America. When Fannie Mae and Freddie Mae crumpled – a problem that House Conservatives warned about for years – the whole

system started to crumble with it. These troubled financial Frankensteins – created in a government laboratory – are not creatures of the free enterprise system and we must ultimately take their monopoly powers away and return them to the marketplace. Finally, the Federal Reserve is being pulled in too many directions and we should amend the Humphrey Hawkins Act which currently diverts the Federal Reserve’s attention from long-term price stability to short-term economic growth.”

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*Congressman Jeb Hensarling is Chairman of the Republican Study Committee (RSC).*